

Household Financial Services
A Household International
Company

Policy And Compliance Support
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Barbara D. Armstrong
Consumer Specialist
Office of the Attorney General
11 South Union Street
Montgomery, AL 36130

Household

Re: George McCarley (23943)
Household Account 2935534

Dear Ms. Armstrong:

Thank you for your correspondence dated 31-January-01 regarding a complaint filed with your office by George McCarley.

Upon review of Mr. McCarley's complaint we believe the following clarifications are in order.

- Household Financial Services (HFS) is the trade name for a mortgage servicing operation which services loans for a number of entities, including Household Finance Corporation of Alabama. HFS is not a loan originator.
- Loans serviced by HFS are primarily purchased on the secondary market. Please note that Mr. McCarley's original lender was HomeSense Financial Corp. of Alabama. Mr. McCarley's account transferred to HFS in June 2000.
- HFS maintains a telesales group that can assist existing customers in refinancing accounts currently serviced by HFS.
- The telesales area may process refinances in Alabama originating under the Household Finance Corporation of Alabama license. However, Household has elected not to originate loans in Alabama through this channel.

Because of HFS's business decision to not originate Alabama loans through the telesales group, HFS directed Mr. McCarley to our Household Finance Corporation of Alabama branch in Montgomery, AL. Mr. McCarley was not amicable to this solution. Therefore purely as a customer consideration and in a good-faith effort to assist Mr. McCarley, HFS elected to allow Mr. McCarley the opportunity to pursue refinancing under the Household Finance Corporation of Alabama license through its telesales group.

Unfortunately, the loan program requested by Mr. McCarley requires verification of income and ability to repay. Mr. McCarley elected not to provide any documentation to verify income. HFS offered Mr. McCarley three alternatives;

Plaintiff
Exhibit

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